## UPDATES

# Pay 'N Pak gets final OK for liquidation

KENT, Wash. — Pay 'N Pak was granted final approval for its managed liquidation last month.

The court order authorized the company to continue its going-out-of-business sale, which will last until the end of September.

So far, the sale—which is expected to generate $73 million to help pay back the $220 million owed to banks, bondholders and trade creditors—has been more successful than Pay 'N Pak had hoped, said Tim Lucia, vp-marketing and merchandising.

Lucia said the sale may even generate more than the expected amount.

The bankruptcy court also approved a settlement reached between Pay 'N Pak, its bank group and the creditors committee. The agreement will free up $25 million to $35 million in assets from the bank group's claims which will be distributed among the creditors.

The court sent claims forms to the creditors, who have until Oct. 1 to file their post-petition claims.

# Home Depot offers reward in murder case

LOS ANGELES — Home Depot teamed up with Secran Armored transportation to offer a $35,000 reward for information leading to the arrest and conviction of the three people responsible for the robbery and murder of a Secran armored guard in Home Depot's San Fernando store last month.

The Los Angeles Sheriff's Department has so far made one arrest in connection with the crime; said sheriff's deputy Rich Erickson.

Edwin Maldonado, 26, was shot and killed July 21 as he was leaving the store's office with cash. Two robbers, believed to be in their 20s, took the cash and escaped out the rear emergency exit. Several employees and customers witnessed the scene.

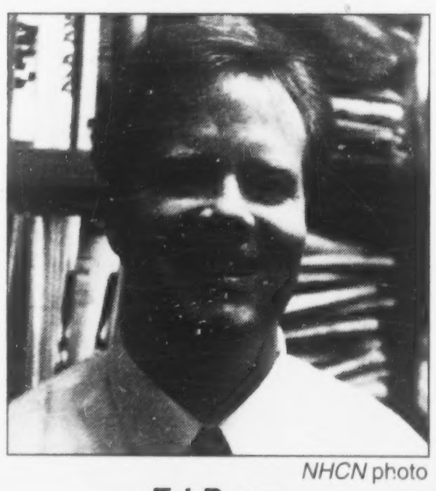
* * * * * * * * * * * * * * * * * * * * * * * * * * * * * *

# Ed Purce joins staff of *NHCN* as associate editor

NEW YORK — Ed Purce joined *National Home Center News* Aug. 10 as an associate editor.

Purce, 31, was previously an assistant editor and a police reporter for *The Riverdale Press*, a weekly newspaper in the northwest Bronx.

He received a bachelor of arts degree from Cortland State University, a university of the state of New York school.



*NHCN* photo

**Ed Purce**

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## NEWS BRIEFS

# Channel helps vendors meet with buyers

WHIPPANY, N.J. — Channel Home Centers has declared Wednesdays "Open Buying Day," with the goal being to make it easier for vendors to pitch their products to the chain's buyers.

Each Wednesday beginning Sept. 15, Channel will allow suppliers to visit its headquarters without an appointment.

"The more the merrier," declared Channel's vp and general merchandising manager, Ethan Klausner. "We'd just stay longer that day," he promised, if the line at the door gets too long. "It's no big deal."

Opening Buying Day "will open our horizons," Klausner added. It will give buyers the chance to see new ideas and alternative sourcing for current product lines.

Normally, vendors would have to schedule appointments with Channel's 12 buyers. Under the new program, vendors will simply show up at Channel's offices to meet with the buyers from 8:30 to 11:30 a.m.; hours will be extended so that each vendor gets a chance to meet with a buyer.

No one vendor would be permitted to monopolize the time of a particular buyer. If another meeting is necessary, it will be scheduled at that time.

The buyers will schedule no meetings or visits to any of Channel's 53 stores on Wednesdays.

Joseph Nusim, Channel's president and ceo, said this plan was implemented because he knows very often the busy schedule of his company's buyers often means it can take weeks for a vendor to get in the door. This program "cuts out all the waiting," he explained.

Nusim thought the program would particularly benefit the vendor who is new to the chain's buyers.

# Sinclair taps home centers for paint sales

LOS ANGELES — Sinclair Paint Co., with 50 factory stores in California, Arizona, Nevada and Hawaii, will now sell a private-label paint to home centers and hardware stores.

Sinclair, which has been selling its paints through its own stores since 1928, was looking for ways to grow its business and break into the home center market, said Cliff Wright, manager of the newly formed dealer/distributor division.

Wright joined Sinclair Paint in June and the new department has since developed a paint specific to the home center market called "Sinclair Painters Choice."

The paint is geared towards professional builders and remodelers who buy through home centers, Wright said. So far, nine Grossman's Western Division stores have begun carrying the brand, he said.

Wright said the paint company is more concerned with selling to smaller regional chains in the western states than the larger home center and discount store chains, many of which cater predominantly to DIYers.

Sinclair will also sell its new brand to independent professional paint stores located in markets where the company does not have its own stores. The paint chain has also recently started selling its products through paint distributors in Mexico, he said.

"We're looking to expand," said Larry Allen, director of advertising.

Allen said the company is also focusing on opening several new factory stores and recently acquired Mason Paint, a small Sacramento-based paint manufacturer with three stores in that area.

Sinclair purchased two of the Mason stores and is now operating them under the name Mason-Sinclair. At the end of this year, the stores will operate under the Sinclair Paint name, Allen said.

# Standard Brands touts low prices

TORRANCE, Calif. — Standard Brands Paint Co. has launched a multimedia advertising campaign touting "great paint at a great price."

The paint chain is advertising on television and radio in all its markets and on 120 billboards in the Los Angeles area. The campaign will run until the end of September, said spokesman Kathy Rosin.

Rosin said the advertisements emphasize the fact that Standard Brands' paint is delivered to the stores directly from the factory, thus cutting out the middleman and lowering the prices. The spots also send the message that these prices are lower than those found at warehouse stores.

In other news, Standard Brands has rolled out a new contractor paint program called "Professional," Rosin said. It is being tested in 10 Los Angeles stores and will be rolled out to others if successful.

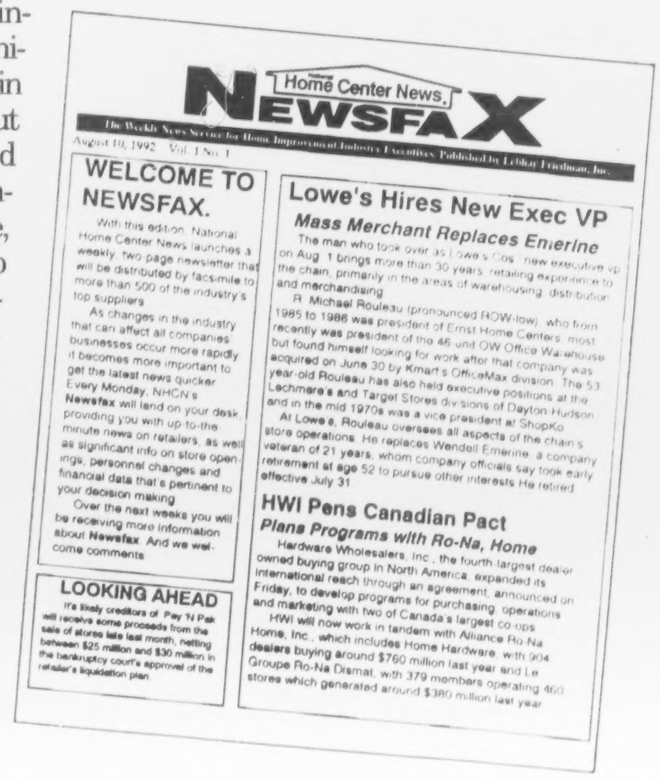
# *NHCN* launches fax newsletter

NEW YORK — *National Home Center News* has launched a new weekly newsletter called *Newsfax*.

The inaugural issue of the two-page newsletter was transmitted by facsimile machine on Aug. 10 to 500 manufacturing and advertising decision-makers. The newsletter will henceforth be delivered every Monday to these executives' offices, making *Newsfax* the most timely source of industry news currently available.

The goal of the newsletter, said *NHCN* and *Newsfax* publisher Wyatt Kash, "is to provide up-to-the-minute news electronically to suppliers in the industry about their retail and wholesale customers." In the future, *NHCN* will also prepare specialized company reports that will be faxed on a per-order basis.

For details, contact the newsletter's editor, *NHCN* senior editor Gary S. Ruderman, at 312-645-5082; or Kash at 212-756-5150.



Home Center News NEWSFAX

The Weekly News Service for Home Improvement Industry Executives. Published by Debbie Friedman, Inc.

August 10, 1992 Vol. 1 No. 1

**WELCOME TO NEWSFAX.**

With this edition, National Home Center News launches a weekly, two page newsletter that will be distributed by facsimile to more than 500 of the industry's top suppliers.

As changes in the industry that can affect all companies' businesses occur more rapidly it becomes more important to get the latest news quicker. Every Monday, NHCN's **Newsfax** will land on your desk providing you with up-to-the-minute news on retailers, as well as significant info on store openings, personnel changes and financial data that's pertinent to your decision making.

Over the next weeks you will be receiving more information about **Newsfax**. And we welcome comments.

**LOOKING AHEAD**

It's likely creditors of Pay 'N Pak will receive some proceeds from the sale of stores late last month, netting between $25 million and $30 million in the bankruptcy court's approval of the retailer's liquidation plan.

**Lowe's Hires New Exec VP**

***Mass Merchant Replaces Emerine***

The man who took over as Lowe's Cos.' new executive vp on Aug. 1 brings more than 30 years' retailing experience to the chain, primarily in the areas of warehousing, distribution and merchandising.

R. Michael Rouleau (pronounced ROW-low), who from 1985 to 1986 was president of Ernst Home Centers, most recently was president of the 46-unit OW Office Warehouse but found himself looking for work after that company was acquired on June 30 by Kmart's OfficeMax division. The 53-year-old Rouleau has also held executive positions at the Lechmere's and Target Stores divisions of Dayton-Hudson and in the mid 1970s was a vice president at ShopKo.

At Lowe's, Rouleau oversees all aspects of the chain's store operations. He replaces Wendell Emerine, a company veteran of 21 years, whom company officials say took early retirement at age 52 to pursue other interests. He retired effective July 31.

**HWI Pens Canadian Pact**

***Plans Programs with Ro-Na, Home***

Hardware Wholesalers, Inc., the fourth largest dealer-owned buying group in North America, expanded its international reach through an agreement, announced on Friday, to develop programs for purchasing, operations and marketing with two of Canada's largest co-ops.

HWI will now work in tandem with Alliance Ro-Na Home, Inc., which includes Home Hardware, with 904 dealers buying around $760 million last year and Le Groupe Ro-Na Dismat, with 379 members operating 460 stores which generated around $380 million last year.

***The premiere issue of* NHCN's Newsfax.**

# Making mail-order matter to DIYers

*Catalogs represent a potential, yet undeveloped, source of customers*

by Ken Schept

A catalog arrived today, beckoning me to shop its four-color pages of faucets and bath accessories, lighting and cabinet hardware.

I browsed. I admired. But I didn't feel compelled to dial the 800 number. The catalog has arrived regularly for several years. In the beginning it offered welcomed access to exotic, or at least hard-to-find, merchandise.

However, its contents are now just a short drive away. While the catalog hasn't changed much recently, the best home centers have.

A newsletter about catalog shopping arrived today, too. It suggests that the typical catalog shopper represents the ideal customer for home improvement merchandise.

An article entitled "Catalog Shoppers and What Sets Them Apart" that appeared in the Deloitte & Touche newsletter, *Retail Market Analysis,* offered these insights:

• "Catalog shoppers are do-it-yourselfers, who make repairs on their homes and cars;"

• "More catalogers own homes than rent . . . 66 percent of catalogers and only 56 percent of non-catalogers) live in houses rather than in apartments or condos;"

• "More than half of all catalogers make repairs around the house, in contrast to just about one-quarter of the non-catalogers."

At a time when so many home centers are attempting to broaden their appeal to female shoppers, it's also interesting to note that "women outnumber men among catalog shoppers, 58 percent to 42 percent," according to surveys by Impact Resources, which formed the basis of the Deloitte & Touche article.

Similarly, the powerful assortments, which can be shown in a catalog, project one of today's competitive advantages—merchandise dominance, either across categories, as a warehouse store, or in a specialized niche.

Of course, an idea like this is always accompanied by a contingent of "yes, buts," such as, "yes, but mail order catalogs are a different business."

Yes. But installed sales is a different business. So are rental and special order.

Like these cases, catalog sales is another strategic approach to gaining incremental business.

Home centers will continue to offer customers the widest choice and will remain a home improvement merchant's central connection to the market. But in this fierce battle for customers, those who ignore other options risk being trapped in the box.

# New season is ripe with opportunity

*Many dealers hope their summer successes can last into the fall*

by John Caulfield

Summer, which Albert Camus proclaimed "invincible," will yield to fall shortly. As the dog days set in, many retailers, whose stores are enjoying a strong selling season, are probably commiserating with Shakespeare's lament that "summer's lease hath all too short a date."

It's been a very interesting and strange season for this industry. The competitive heat wilted a lot of companies, while others thrived on it like marathon runners in the recent Olympics.

Emily Dickinson once spoke of "Reeling—through endless summer days," and those days must really have seemed endless for employees in Home Depot's stores in New Jersey, which kicked off the summer by staying open for 24 hours a day through Memorial Day weekend.

"Wanting," wrote poet Robert Browning, is like "summer redundant," and this summer unusual number of dealers and wholesalers were found scrambling to fill unanticipated vacancies in their executive ranks

Builders Emporium is searching for a new president. Builders Square just named a new president. Lowe's two weeks ago appointed a mass merchant as its executive vice president. Most recently, Pergament's president resigned Aug. 21 (*see page 1*).

ServiStar got a jolt when longtime president Larry Zehfuss this summer announced his plans to retire at year's end. This turned out to be emblematic of the unpredictability of the co-ops in general, highlighted by ServiStar's takeover of the beleaguered Central Builders Supply, and the agreement between Hardware Wholesalers, Inc. and two Canadian co-ops to jointly develop a variety of programs (*see page 1 for details*).

Internationalism, in fact, wafted through the industry like the "ripening breath" of a summer's breeze Shakespeare calibrated in *Romeo and Juliet*. Several U.S. vendors are participating in a program, initiated July 4, to build American-style homes in Russia. Other suppliers increased significantly their shipments of lumber into Mexico, a market that several retailers and wholesalers are eyeing for expansion. Home Depot is expected to announce late this summer where its first store in Europe will be.

The winding down of summer can be depressing. Jeremiah's biblical blast—"The harvest is past/the summer is ended/and we are not saved"—is typically bleak.

All evidence, though, points to a more optimistic home center industry looking forward to a long Indian summer that revitalizes their business and transcends the inexorable changing of the seasons.

National Home Center News

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers

published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, N.Y. 10022
212-756-5000/Fax: 212-838-9487

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Tampa, FL P.O. Box 31185, Tampa, FL 33631-3185
813-664-6707
Circulation Dir.—Betty Jean Wegman (664-6747)

LEBHAR-FRIEDMAN, INC.

*Founder (1900-1981)* Arnold D. Friedman

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Publisher of National Home Center News, Discount Store News, Nation's Restaurant News, Drug Store News, Accounting Today, Chain Store Age Executive (with Shopping Center Age), *APPAREL merchandising,* Food Merchandising, Home Market Trends, National Industry Reports, Supermarket HQ Quarterly. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

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# Paint sundries maintain firm foothold on dealers' shelves

*PORTLAND, Ore. — Paint sundries—brushes, rollers, drop cloths, pans, putty knives, tape, solvents, etc.—continue to be important items in most retailers' paint departments for the add-on sales and profits they produce.*

*Generally sold in drop bins or on endcaps, and oftentimes displayed as impulse items, sundries remain one of the sure-fire staples for home centers.*

*In this city, three home centers—Ernst Home & Nursery, HomeBase and Supply One—have their own ways of displaying the products in hopes of picking up more sales. All the stores use the display areas to give consumers a better idea of what they need to help make their painting project a success.*

***In addition to featuring paint sundries in dump bins and on endcaps, HomeBase hangs items right on the shelves containing paint cans. Products displayed are often changed depending on new merchandise received in the store and sale items.***

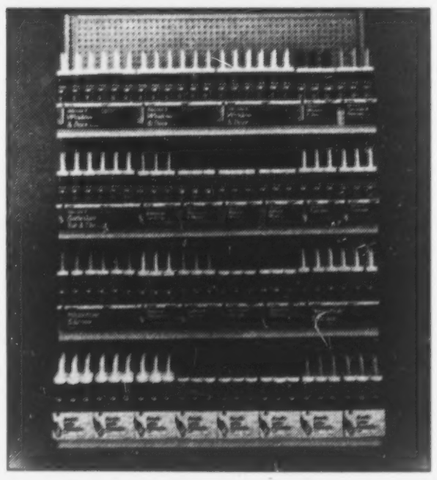
*NHCN* photos

***In the back of the paint department, at the color matching center, Supply One displays sundries on a "Do You Need?" board, to remind consumers of products they need while in the store.***

***Two Ernst employees work on restocking the color-coded paint sundries aisle. Even though these products were not featured on an endcap, Ernst endcapped paint and roller sets to lure customers into the department.***

## NEW PRODUCTS

### GE Silicones eases caulk, sealant choices



**GE Silicones, Waterford, N.Y.,** has begun marketing its new Show & Sell Merchandising System for sealants and caulks to hardware stores and home centers nationwide to help consumers in selecting the most appropriate GE sealant or caulk for their specific needs.

The system combines large, easy-to-read graphics with bold symbols representing suggested uses for each formulation.

Contact GE Silicones, Inquiry Handling Service-PR# GECON 92-49, P.O. Box 330, Peekskill, N.Y. 12140, (518) 233-3505 or circle number 200 on the reader service card.

### Norton offers multi-use sanding rolls

**Norton Co., Worcester, Mass.,** offers All Purpose Handy Rolls®, designed for a wide range of contour sanding applications. They can be used on a variety of surfaces.

To learn more, contact Norton at P.O. Box 15008, Worcester, Mass. 01615, (800) 321-3316 or circle number 201 on the reader service card.

***More new products appear on page 27.***

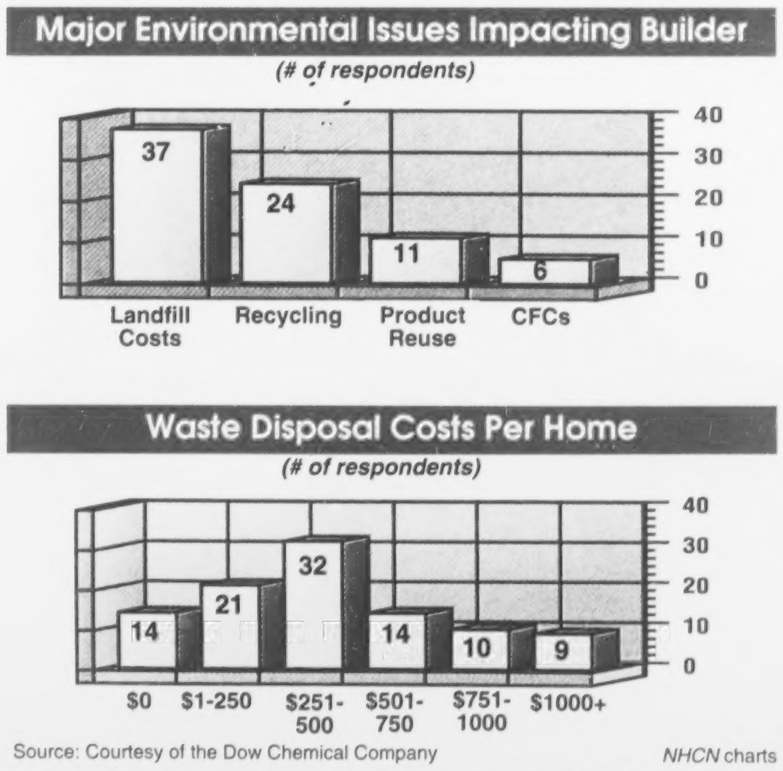
# Builders get earth-smart

## *Landfill costs, recycling are key concerns*

NATIONAL REPORT — Environmental issues remain a major concern among residential home builders, according to a survey conducted by Dow USA.

More than 2,400 builders responded to questions regarding their building practices and buying habits during the National Association of Home Builders Show in Las Vegas last January. The results were released at the end of July.

The survey found that builders are becoming increasingly concerned about landfill costs and product recycling. In fact, 32 percent of respondents said that they spend between $250 and $500 on disposal costs per home built, while a further 9 percent spent over $1,000 per home built.




***(Top) Residential home builders rank landfill costs as the key environmental issue facing them, according to a survey conducted by Dow USA. (Bottom) As a result, 33 percent spend upwards of $500 on waste disposal per home.***

Builders also preferred to buy "environmentally sensitive" construction products, with 68 percent of those surveyed indicating that they would be more likely to purchase polystyrene foam insulation that was made from recycled content than insulation which was not.

# Lowe's speeds up store growth

*(Continued from page 1)*

Next year, Lowe's, according to Strickland, will open 30 replacement units and 30 stores in new markets, the locations for which weren't revealed. He said that between 35 and 40 percent will be 100,000-square-foot warehouses.

**All aboard!**

The first "plus," he explained, was that after this expansion, Lowe's has growth plans in 1994 and beyond that will reflect its new-found aggressiveness. The second "plus" is that, by relocating smaller units into bigger boxes, "the opening of 100 stores could be the equivalent of opening 200, 300, 400 smaller units for certain product categories," said Strickland. Some vendors told *NHCN* that Lowe's projected their business could increase by as much as 300 percent.

"What we're telling our suppliers is that 'the train is moving, you better get on board,' " said Strickland.

One of the conductors on that train signed on with the company only two weeks earlier. R. Michael Rouleau on Aug. 1 was named Lowe's executive vp-store operations. The 53-year-old Rouleau (pronounced ROW-low), brings 30 years' retailing experience to the company, having held executive positions in merchandising, warehousing and distribution with Dayton Hudson Corp.'s Target Stores chain, and was also president of Lechmere's from 1980 to 1983.

Rouleau also served as president of Ernst in Seattle from 1985 to 1986, when he was replaced by that chain's current president Hal Smith.

"He is a hands-on merchant, he has distribution experience, he has [chief operating officer] experience and he has big picture experience," said Strickland, who described Rouleau as a "hot property."

Rouleau replaced Wendell Emerine, a 21-year veteran of the home center chain, whom the company said was taking "early retirement" to "pursue other interests." Emerine could not be reached for comment.

Most recently, Rouleau was president of the 46-unit OW Office Warehouse chain in Virginia Beach, Va., which he cofounded in September 1988 with former Home Quarters Warehouse owner and chairman Bernard Kossar.

Kossar said that OW was noted for its "state-of-the-art systems" in operations, including inventory management and store display.

The company was sold to K mart in June 1992 for $75 million and the assumption of $18 million in debt, at which point all its management, including Rouleau, was replaced. At the time, the company was not profitable, and was saddled with some poor locations.

**Revenues up 25 percent**

Profit is not something that Lowe's has had problems with this year, as it reported robust sales and earnings for the six months ended July 31.

In that period, the company's revenues shot up by 25 percent to $1.945 billion, and its earnings jumped by 46 percent to $53.5 million.

Lowe's second quarter was its first to exceed $1 billion, hitting $1,061,645,000. In the first half, the company's retail business grew by 28 percent, while its contractor sales increased by 20 percent.

However, its second quarter earnings, which rose 18 percent to $29.7 million, were below the expectations of some securities analysts. Consequently, the company's stock price fell $4.375 per share on the day the company reported its numbers, and fell another 63 cents to $18 per share on the following Monday.

It is understandable why Lowe's wants to move into bigger locations, though. Through the second quarter, the company's 90 larger stores (65,000 to 100,000 square feet) represented 30 percent of the chain's total units, but were contributing 38 percent of its volume, compared to only 15 percent two years ago when big stores represented only 13 percent of Lowe's numerical total.

# Home Depot, HomeBase go to bat for charity

*(Continued from page 5)*

Even the appearance of Pat Farrah, one of Home Depot's founders and its former executive vp-merchandising, couldn't inspire the team.

Despite appearances to the contrary, both sides took the game very seriously.

Home Depot's players, who insisted they didn't have time to practice as much as HomeBase's team, had been sent to a professional baseball school for training. HomeBase's players, on the other hand, joined the Fullerton softball league.

The game raised $270,000 in vendor sponsorships to benefit The City of Hope, a Duarte, Calif.-based hospital that specializes in the research and treatment of catastrophic diseases. The hospital also provides financial assistance to needy patients.

The softball game was the first of its kind for the chains, which hope to continue the tradition annually.

The whole idea to play ball was sparked a few months ago by Andy Passman, the plumbing buyer for HomeBase. Passman and the HomeBase merchandising staff posed a challenge to Home Depot's western division buying staff. (Both are based in Fullerton.)

**Planned as annual event**

Arthur Blank, president of Home Depot, and Jim Halpin, HomeBase's president, served as umpires and both said they hope to raise $500,000 for The City of Hope next year.

"It was a lot of fun," said Halpin after accepting a trophy from a City of Hope representative.

Blank echoed that sentiment. Next year, however, he wants to settle the score.

"We'll try to win next year. We don't like to lose twice, let alone once," Blank said.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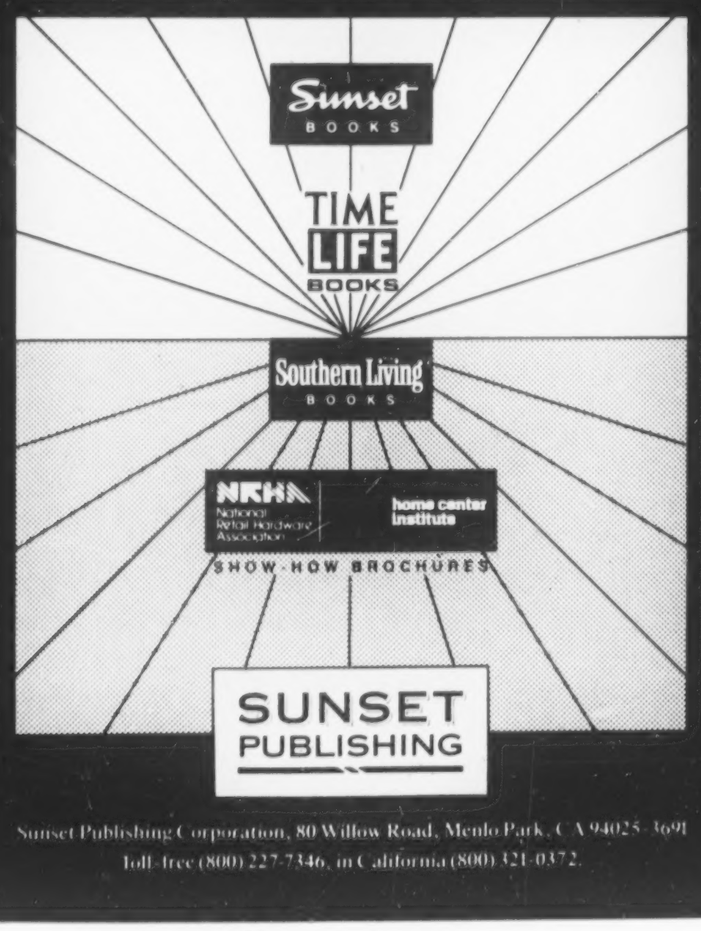


Sunset Publishing Corporation, 80 Willow Road, Menlo Park, CA 94025-3691
Toll-free (800) 227-7346, in California (800) 321-0372.

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National Home Center News (ISSN 0192-6772) is published 23 times a year, twice a month, monthly in December, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate: $89 per year in the U.S.; $99 in Canada; $239 in all other countries (air mail only). Second-class postage paid at New York, N.Y., and additional mailing offices. Postmaster: Please send address changes to Subscription Dept., National Home Center News, P.O. Box 31185, Tampa, Fla. 33631-3185. Vol. 18, No. 16, Copyright© 1992 by Lebhar-Friedman Inc. All rights reserved.

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National
Home Center News®

Vol. 18 No. 17 $5 a copy The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers Published by Lebhar-Friedman Inc. Sept. 14, 1992

# Hurricane relief mobilizes industry

## *Nationwide aid helps hard-hit dealers, workers, residents*

**by Ed Purce**

HOMESTEAD, Fla. — Daryl Lansdale stood in the parking lot of Scotty's store here, talking on a cellular phone. The store, he told a caller, "doesn't exist anymore."

The president of Scotty's transacted sales out of a shoe box and provided instant credit to customers who lacked cash.

That was reality for untold numbers of businesses and individuals a week after Hurricane Andrew wiped out huge sections of southern Florida and Louisiana over a three-day period last month.

In the first days after the storm, home improvement companies worked furiously to help their employees and customers who were victimized by the storm.

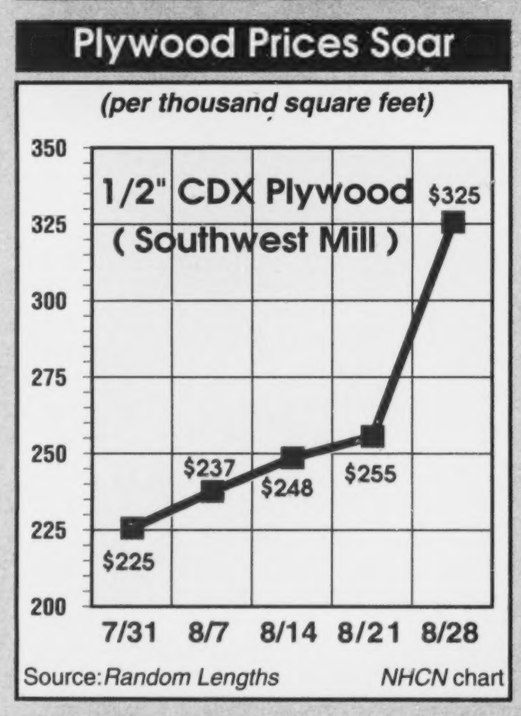
Calls to Builders Square, Home Depot, Scotty's, Lowe's; the co-ops Cotter & Co., Ace Hardware and ServiStar, and a host of independents found that while a few units were destroyed, most were functioning, even though many suffered structural or water damage, were without electricity and, in some instances, were selling product from their parking lots or lumberyards.

Many companies, both in Florida and from around the country, extended a philanthropic hand to the local communities, either by donating goods

(Continued on page 50)

Photo courtesy of *The Miami Herald*

***About 10,000 homes were leveled, and 75,000 others damaged. Below, only the wooden racks in the garden center in Builders Square's Kendall, Fla., store withstood the storm.***




***Plywood prices, which were rising even before Andrew hit, shot up by $70 per 1,000 square feet after the storm.***

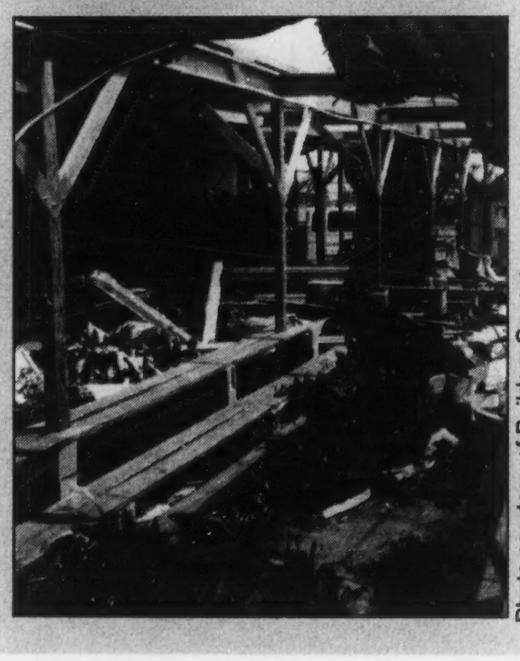


Photo courtesy of Builders Square

## *Shortages, price hikes could slow rebuilding effort*

**by John Caulfield**

MIAMI — There is growing uncertainty among industry officials about how the massive rebuilding effort in the aftermath of Hurricane Andrew can be accomplished.

With building materials in tight supply and their prices rising, home builders and home improvement-related dealers and suppliers are worried they may have difficulty affordably meeting the demands of markets so devastated by the storm.

Andrew's wake also brings into focus issues ranging from the practicality of environmental restraints on timber harvesting to how much credit should be extended to builders and homeowners.

Some even wonder how viable south Florida will be after getting flattened.

As they search for answers, industry officials are also looking for ways to contribute to the immediate relief effort and the long-range rebuilding, which could turn out to be the largest construction project in U.S. history.

### Contractors should benefit

Answers were hard to come by a week after Hurricane Andrew swept through the South because virtually no one could have predicted the overwhelming destructiveness of this storm, which destroyed an estimated

(Continued on page 54)

## A WAY TO HELP

LONGWOOD, Fla. — A caravan of trailers loaded with donated lumber was scheduled to travel into south Florida on Sept. 17.

The Florida Lumber and Building Material Dealers Association organized the caravan. A second caravan may take place.

Contact Bill Carson, executive vp at the association, (407) 331-9444 for more details.

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# Home Depot takes high-profile stance

## *Announces special pricing policy at press conference*

**by Ken Schept**

TAMPA, Fla. — Home Depot opened a new store in Cutler Ridge on Thursday, Aug. 20. Three days later that store was closed indefinitely, after Hurricane Andrew blew in the front wall, wiped out the garden center and ripped off the roof.

Two of the chain's other south Florida stores were ed temporarily because of severe damage. And f Home Depot's roughly 400 area employees e left homeless.

ome Depot's reaction to these extraordinary circumstances illustrates how all of south Florida's major home improvement retailers attempted to supply needed merchandise, maintain fair prices, and care for their own stricken employees.

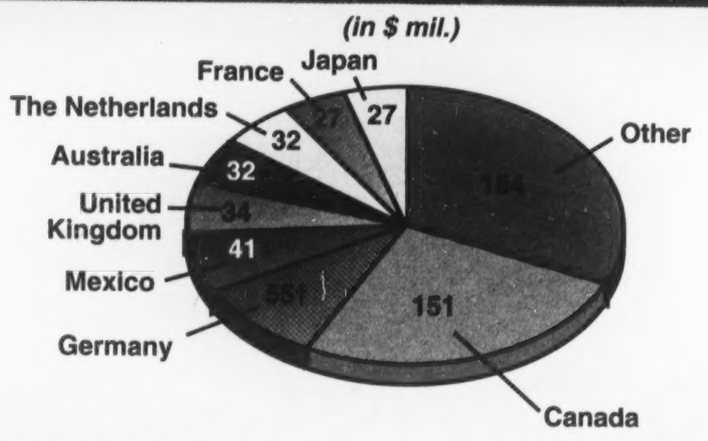
The Atlanta-based chain took a high-profile approach, announcing its special hurricane pricing policy at a news conference and issuing press releases almost daily about pricing and special services like repair advice and clinics.

In the week following Andrew, Depot's southern region president, Bruce Berg, helicoptered into the hardest-hit areas to assess the situation. Videotapes of his impressions were sent to executives at the com-

(Continued on page 52)

## INDUSTRY STATS

### U. S. Exports of Power Tools, 1991*




Source: U.S. Commerce Department

*Includes pneumatic and hydraulic tools, and chain saws."Other" wasn't identified.

†Estimate

*NHCN* chart

***Last year, the U.S. exported a record $583 million worth of power-driven tools. And while that total still left a trade imbalance of $181 million, the amount of imports coming into this country appeared to have leveled.***

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## UPDATES

### Menard's adds LBM mix to Chicago units

HAMMOND, Ind. — Menard Cashway is adding on to some of its Chicago-area stores, and will include lumber and building materials in its Hardware Plus format.

John Menard, president of the 69-store, Wisconsin-based chain, said the store here has acquired more space, as have other stores in Chicagoland.

An unspecified number of other Menard stores in this market will get approximately 20,000 square feet to accommodate lumber and building materials. Some of the stores will grow to 100,000 square feet, which is larger than the average 80,000-square-foot Menard's store.

"I'd like to have all full-sized stores," said Menard, "but sometimes that's not possible. We're always looking to expand our stores, remodel them and even relocate them as larger [areas] become available."

The Menard's Hardware Plus format, which is in about 10 stores, was the chain's answer to growing new-site construction expenses. Hardware Plus was developed last year using rented mall spaces formerly occupied by mass merchandisers. It debuted last year in northern Michigan and excluded commodities.

In other news, Menard's opened its first unit in Indianapolis in late August and also debuted in Marquette, Mich., and International Falls, Minn., last month.

### Eljer edges out insurance firm in liability case

DALLAS — Eljer Industries, the plumbing and bath supplier here, won its appeal against its insurance company concerning liability coverage related to the use of one of Eljer's products.

A Court of Appeals here ruled that Liberty Mutual Insurance Co. was liable to cover any damages caused by the installation of faulty plumbing couplings and plastic pipe made by U.S. Brass, a wholly-owned subsidiary of Eljer.

Those polybutylene products were sold as a plumbing system under the Qest name.

Ken Pieper, a spokesman for Eljer, said Liberty Mutual had contended that it wasn't liable for claims filed after Liberty canceled its policy with U.S. Brass in 1988, even though the damages in those claims may have occurred when the policy was active.

Eljer said it would seek at least $16.5 million for claims it has paid out or are owed by insurers.

## NEWS BRIEFS

### Pergament appoints new president

MELVILLE, N.Y. — Donald Tattenbaum, a former merchandising executive with Grossman's Inc., has been named president of Pergament Home Centers.

Tattenbaum, who is in his mid-50s, will take over for Alan Kane, who resigned from the 34-unit Pergament last month.

He will report to the company's chairman and ceo Robert Tammero, who confirmed that Tattenbaum's responsibilities will primarily be in merchandising and marketing, with Tammero concentrating on operations.

From July 1982 through May 1990, Tattenbaum worked for Grossman's. When he left, Tattenbaum was senior vp and general merchandise manager. Before joining Grossman's, Tattenbaum was a senior vp and gmm with Herman's World of Sporting Goods, where he worked for a decade.

He also held executive positions with Willoughby's and Peerless, two camera retailers, and with R.H. Macy, where he started as a trainee and worked his way up to divisional merchandise manager.

Tattenbaum said that since leaving Grossman's, he was president of an intimate apparel company called Lingerie Factory with stores in New England and Chicago. It went out of business last winter, and he's been looking to get back into the industry since March.

He is taking over Pergament at a time when there has been considerable corporate management turnover.

### AHMA elects Orrville pres. as chairman

CHICAGO — Ray Gill, the president of Orrville Leather in Orrville, Ohio, has recently been elected chairman of the American Hardware Manufacturers Association (AHMA) here.

Gill, who is first vice chairman of the AHMA, was elected at the association's annual meeting held here. He will assume his one-year post on Jan. 1, 1993, succeeding G. Ward Miller, vice president of sales and marketing for the Marshalltown Trowel Co., Marshalltown, Iowa.

Gill, 57, joined Orrville Leather as executive vice president in 1984. He's been president and ceo since 1987. Before arriving at Orrville Leather, he had been at the Allegheny International Hardware Group for two decades.

He started as national accounts manager at the Jackson Manufacturing Co. in 1964 and worked his way up through the ranks to become vice president of sales in 1975.

As chairman of AHMA, Gill will help shape the programs, services and activities of the 91-year-old trade group headquartered in Schaumburg, Ill., representing 1,000 members.

### Hechinger posts strong showing in 2Q

LANDOVER, Md. — Hechinger, the 122-unit chain based here, continued its strong showing in 1992 by reporting double-digit sales and earnings gains for the second quarter.

In the three months ended Aug. 1, Hechinger's revenues rose by 20 percent to $549.7 million, with comp-store volume increasing by 10 percent. Net income for the quarter grew by 11.5 percent to $15.5 million, a gain that met securities analysts' expectations.

Through the first six months of its fiscal year, Hechinger showed that it could be on pace to hit $2 billion in sales in 1992. Its first-half revenues grew by 16.4 percent to $989.5 million, and comp-store volume jumped by 9 percent.

But Hechinger reported a $35.6 million net loss for the half, primarily attributable to a $57.3 million "strategic reserve" the company took in the first quarter to fund the chainwide rollout of its Home Project Center concept.

Five more Hechinger units will get this format by year's end. The company also plans to open an 85,000-square-foot Home Project Center in Fairfax, Va., and relocate a 60,000-square-foot unit in Columbia, Md., to an 85,000-square-foot store in mid-1993.

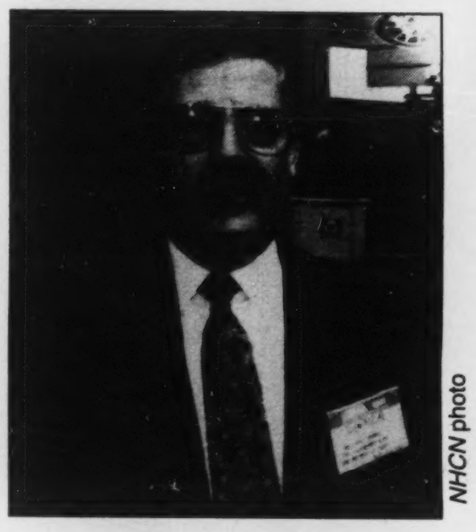
The company expressed satisfaction about the performance of its HomeQuarters Warehouse (HQ) division, which opened five stores in the quarter. HQ's earnings were reduced by $2.9 million to cover those opening expenses. It also used $800,000 to cover the closing of a smaller store in Tallahassee, Fla.

The company reported that it will open an HQ Warehouse unit in Albany, N.Y., early next year, and plans to have four to six HQs in Detroit by the end of 1993. Hechinger has announced previously that it will open HQs in Bangor, Maine, and Jackson, Miss., in 1993.

### Mielke to retire at year's end

SAN ANTONIO — Glen R. Mielke will resign as Builders Square's chairman at the end of this year.

The news of Mielke's imminent departure was disclosed to company employees late last month, according to vp-merchandising Rick Meiser, who could provide no other details.



*NHCN* photo

***Glen R. Mielke***

The 57-year-old Mielke, who has worked for Builders Square's parent, K mart, for 34 years, was unavailable for comment.

His retirement announcement comes on the heels of the hiring by Builders Square of several new upper-level executives, including a new president, Frank Felicella, and new vps of merchandising and marketing.

Mielke became president of the warehouse home center chain on Jan. 1, 1989, and brought with him a number of K mart officials to take over the company's operations.

Over the next three years, Builders Square's merchandise and appearance were completely revamped, with more attention given to the the female shopper.

During Mielke's tenure, Builders Square also pursued an aggressive growth strategy. In 1992, the company was scheduled to open 24 new stores.

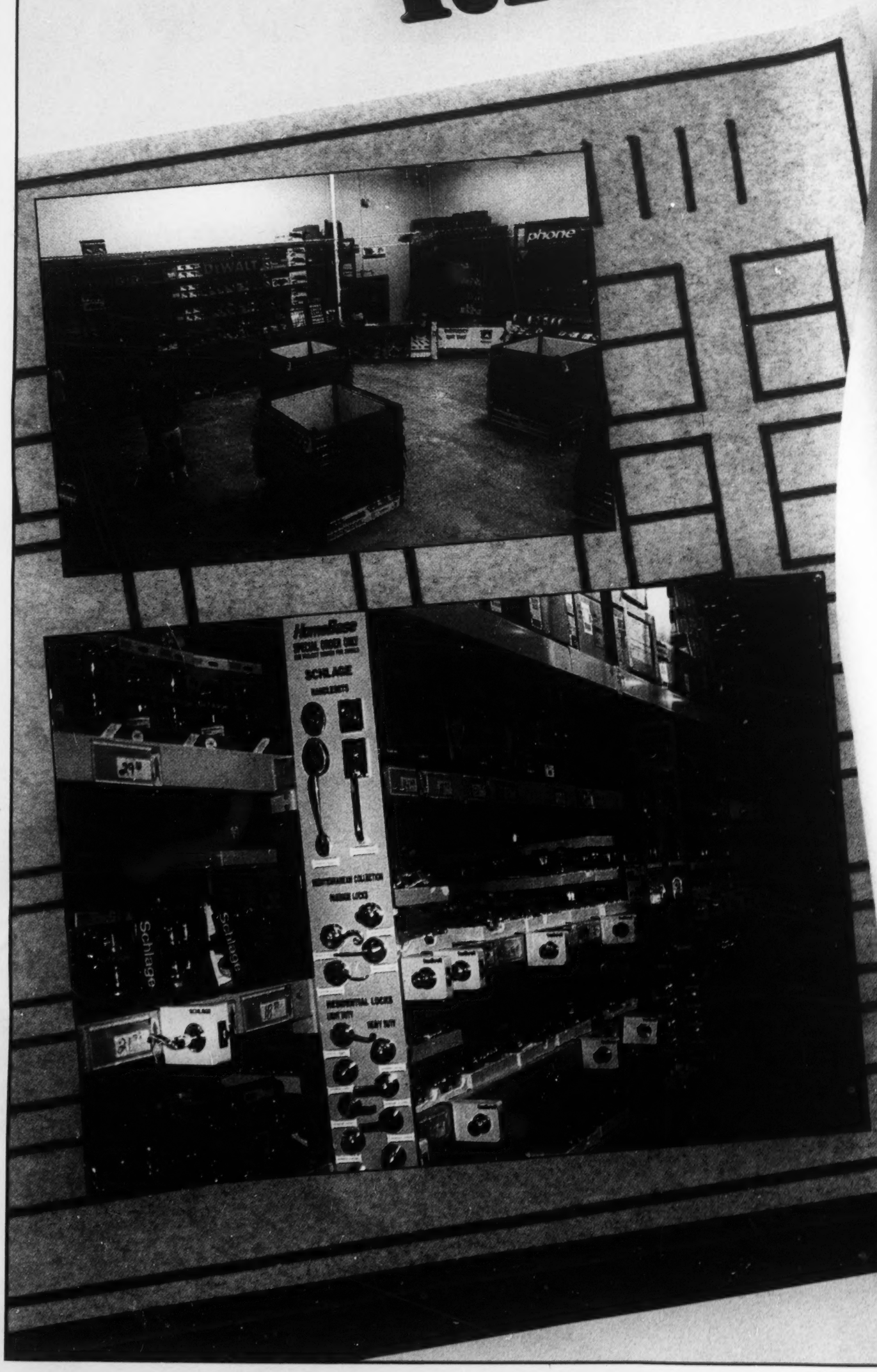
K mart has not identified Mielke's replacement.

National Home Center News.

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. September 14, 1992

# POWER DEPARTMENT REPORT

HARDWARE AND TOOLS




## Imports, home building strike at hammers' sales, profits

by Roman Czajkowsky
*Special to NHCN*

NATIONAL REPORT — Squeezed by the prolonged slump in housing starts around the country, sales of hammers—long a key staple in the hand tools department—have been shrinking.

"If you're not building, you can't use them," said Jarred Cohen, senior product line marketing manager at Stanley Tools. Compounding the woes for domestic manufacturers like New Britain, Conn.-based Stanley has been the recent flood of sharply-priced and better-quality imports that are being snapped up by price-conscious DIYers.

At Cotter & Co., the hardlines co-op, imports now account for 30 percent of total hammer sales to its True Value dealers. Consumers are drawn by prices that range from about $4.99 to $9.99 retail—as much as 50 percent less expensive than comparable domestic product, according to Ronald T. May, merchandise manager for Cotter's hand tools department.

"Imports are coming into their own right now because of the poor economy," said May. "Prices are very sharp, the quality is getting better and they've been made to be aesthetically appealing. That's what attracts people: price and cosmetics. If it looks like junk, even if it's for free, nobody's going to pick it up."

The improved looks of imports were much in evidence at last month's Hardware Show, retailers attending the trade convention reported. "I remember walking down the aisles and saying, 'Golly, a lot of [imports] sure look just like Vaughn or Estwing," said Scott Robins, retail buyer at Anderson Lumber Co., a 22-

(Continued on next page)

**Upcoming Report: Home Furnishings**

# Innovative products buoy tool sales

*(Continued from page 17)*
unit chain based in Ogden, Utah, referring to two major domestic manufacturers.

One result of consumers' thrifty spending habits is that for a number of retailers, the middle price tier—traditionally comprising products aimed at step-up DIYers—has "pretty much disappeared right now," according to May of Cotter. What's left is the low end for DIYers and the high end for the professional market.

Of course, category performance varies depending on regional economies. For example, brisk commercial and residential construction has helped push up hammer sales approximately 20 percent over last year at Anderson Lumber. An Oregon-based wholesaler, Cascade Wholesale Hardware, also reported brisk hammer sales. "We're unique because we're still doing very well in this localized economy," said Joy Dietrich, a buyer for the wholesaler.

### Pushing fiberglass handles

The soft housing market isn't the only thing affecting hammer sales, which by one estimate are in the $100 million range. There's also the growing popularity of pneumatic nailers and the increased use of so-called super glues instead of nails, according to some suppliers.

Some domestic vendors are fighting back with innovative new products they hope will strike the fancy of serious do-it-yourselfers and professionals and put some movement back into the market.

Stanley's newest product, for example, targets the popular fiberglass segment. Instead of the traditional compression-molded handle, which can splinter dangerously with repeated striking, the new hammer features a solid iberglass rod jacketed with a polycarbonate alloy.

**Stanley has replaced the compression-molded handle with a solid fiberglass rod jacketed with a polycarbonate alloy on its newest hammer.**

Stanley hopes the new product, which is available in several weights and sizes, will eventually account for a "significant" portion of its fiberglass business.

Another major supplier, Rockport, Ill.-based Estwing, has come out with a similar hammer that should be the vendor's "biggest [new] project for the next couple of years," according to Sandra Forberg, customer service supervisor.

Some retailers and distributors agree. Cotter's May predicts the new hammers will be "a hot item" with target shoppers. "It's new, it's going to be highly advertised, and it does what it says it does," he maintained. Plus, it's made out of fiberglass, a material, according to Robins of Anderson Lumber, that is "still kind of an 'in' thing, not just in hammers but also in long-handled tools in general."

With retail prices ranging from about $20 to $30, the new hammers could be a key item in what has traditionally been a good profit category for retailers.

Typical margins on hammers are in the 35-percent to 45-percent range, and are even higher on sharply-priced imports. At Anderson's stores, for example, hammers are "number one in hand tools in terms of total sales as well as being an image builder," acording to Robins.

### Changing buying habits

One challenge for retailers will be persuading contractors and other professionals to try a new product. Hammers are considered a highly traditional business—professionals especially tend to stick with a particular type of product for literally decades simply out of habit.

In fact, suppliers such as Stanley hope that it will be the younger carpenters—people who are not so set in their ways with a hammer—who are most likely to opt for composites such as the new fiberglass jacketed version.

Personal preferences are the major reason why retailers bent on maximizing category sales are forced to carry a large selection of hammers. Cotter offers its dealer-members over 100 hammer skus; a retailer like Anderson Lumber, whose customer base is 70 percent contractors, offers about 45 skus in a good, better, best selection to encourage step-up sales.

Many retailers also have to cater to such regional preferences by carrying items like the "California Special," a long-handled framing hammer made by Hart Tools that's highly popular on the West Coast.

The housing slump might be bad news for the hammer business, but there are bright spots.

One is the continuing trend toward home-improvement projects such as decks. Hence, one strong-selling item at True Value stores has been the decking hammer, a 22-ounce product with a smooth face that won't mar wood when struck.

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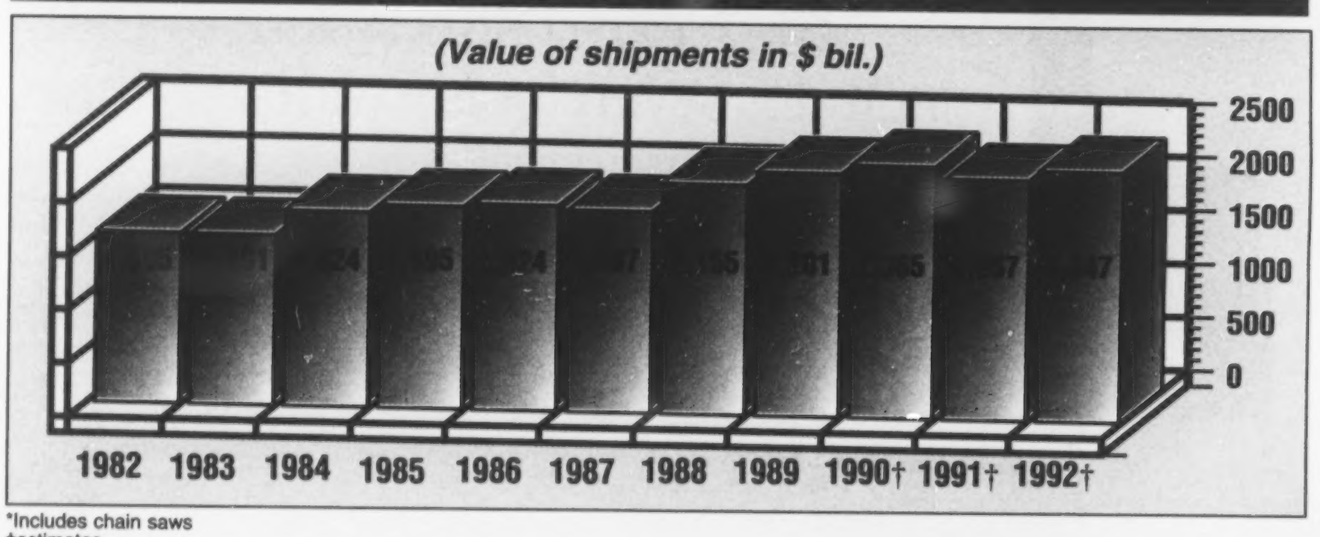
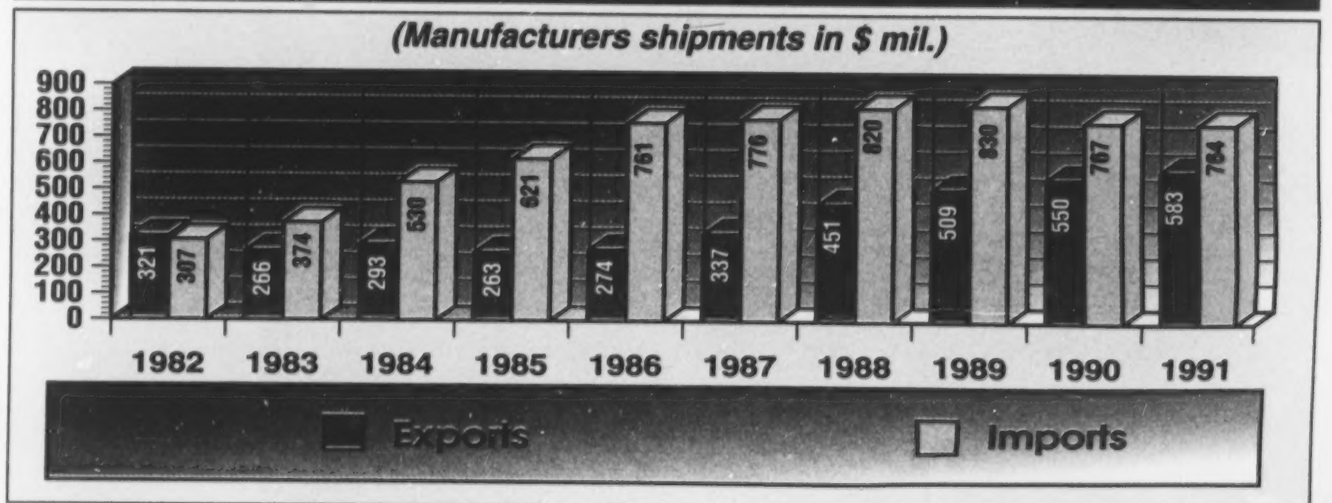
## Shipments of Power Tools




*Includes chain saws
†estimates
Sources: *A Competitive Assessment of the U.S. Power Tool Industry*, Table 1; U.S. Department of Commerce, May 1992

***The shipments of power tools, in dollars, have grown at an average annual rate of only 1.6 percent since 1985, though they are projected to expand by 4 percent in 1992.***

## U.S. Balance of Trade in Power Tools




*Includes chain saws, as well as non-electric power tools.

Sources: *A Competitive Assessment of the U.S. Power Tool Industry*, Table 8; U.S. Department of Commerce, May 1992

***Despite a steady penetration of foreign-made power tools into the U.S. (with the Japanese garnering a 40 percent share of what came into this country last year), domestic suppliers appear to have stemmed that tide in recent years. In fact, 1991 was a record year for exports of power tools.***

*NHCN* charts